WANKAONLINE

WANKA ONLINE INC.
萬咖壹聯有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1762)

FINANCIAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2018

HIGHLIGHTS OF ANNUAL RESULTS

	Year ended 31 December		
	2018	2017	Change
	RMB'000	*RMB'000*	
Revenue	**1,546,316**	485,636	218.4%
Gross Profit	**217,126**	45,998	372.0%
Operating Profit	**101,876**	12,874	691.3%
Adjusted EBITDA (1)	**166,625**	17,422	856.4%
Adjusted Net Profit (2)	**126,978**	7,454	1,603.5%

	As at 31 December		
	2018	2017	Change
	RMB'000	*RMB'000*	
Total Assets	**1,312,934**	325,711	303.1%
Total Liabilities	**437,440**	498,183	(12.2)%
Total Equity	**875,494**	(172,472)	N/A
Current Ratio (3)	**2.5**	2.1	

Notes:

(1) Adjusted EBITDA eliminates the effect of depreciation, amortisation, finance cost, income tax, share-based payment expenses, listing expenses, loss on termination of convertible bonds, and fair value losses on convertible bonds, preferred shares and warrants.

(2) Adjusted net profit eliminates the effect of share-based payment expenses, listing expenses, loss on termination of convertible bonds, and fair value losses on convertible bonds, preferred shares and warrants.

(3) Current ratio was calculated based on our total current assets divided by our total current liabilities at the end of each financial period.

* *For identification purposes only*

The board (the "**Board**") of directors (the "**Directors**") of Wanka Online Inc. (the "**Company**", together with its subsidiaries and consolidated affiliated entities, the "**Group**") is pleased to announce the consolidated results of the Group for the year ended 31 December 2018, together with the comparative figures for the year ended 31 December 2017 which have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") as below.

In this announcement, "we", "us", and "our" refer to the Company and where the context otherwise requires, the Group. Unless otherwise defined herein, capitalised terms used in this announcement shall have the same meanings as defined in the prospectus of the Company dated 11 December 2018 (the "**Prospectus**").

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

YEAR ENDED 31 DECEMBER 2018

	Notes	**2018** **_RMB'000_**	2017 *RMB'000*
REVENUE	*4*	**1,546,316**	485,636
Cost of sales		**(1,329,190)**	(439,638)
Gross profit		**217,126**	45,998
Other income and gains	*5*	**11,661**	961
Selling and distribution expenses		**(16,729)**	(5,712)
Research and development costs		**(26,344)**	(15,866)
Administrative expenses		**(74,635)**	(8,665)
Other expenses and losses		**(1,084)**	(1,976)
Share-based payment expenses		**(8,119)**	(1,866)
Operating profits		**101,876**	12,874
Finance costs	*7*	**(6,216)**	(3,528)
Loss on termination of convertible bonds	*20*	**(14,270)**	–
Fair value losses on convertible bonds	*20*	**(3,202)**	–
Fair value losses on preferred shares	*19*	**(217,123)**	(134,443)
Fair value losses on warrants	*20*	**(261,791)**	(16,239)
LOSS BEFORE TAX	*6*	**(400,726)**	(141,336)
Income tax expense	*8*	**(20,815)**	(3,758)
LOSS FOR THE YEAR		**(421,541)**	(145,094)
Attributable to:			
Owners of the parent		**(421,541)**	(145,090)
Non-controlling interests		**–**	(4)
		(421,541)	(145,094)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*10*		
Basic and diluted		**RMB(0.54)**	RMB(0.25)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED 31 DECEMBER 2018

	2018	2017
	RMB'000	*RMB'000*
LOSS FOR THE YEAR	**(421,541)**	(145,094)
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**4,658**	(3,458)
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods	**4,658**	(3,458)
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of the Company	**(45,554)**	15,822
Net other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods	**(45,554)**	15,822
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX	**(40,896)**	12,364
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	**(462,437)**	(132,730)
Attributable to:		
Owners of the parent	**(462,437)**	(132,726)
Non-controlling interests	**–**	(4)
	(462,437)	(132,730)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 DECEMBER 2018

	Notes	2018 RMB'000	2017 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**1,206**	667
Goodwill		**183,612**	448
Other intangible assets	*11*	**37,321**	17,913
Deferred tax assets		**9,770**	–
Prepayments	*13*	**23,585**	18,868
Total non-current assets		**255,494**	37,896
CURRENT ASSETS			
Accounts receivable	*12*	**443,889**	182,608
Prepayments, other receivables and other assets	*13*	**275,798**	93,717
Pledged deposits	*14*	**34,317**	–
Cash and cash equivalents	*14*	**303,436**	11,490
Total current assets		**1,057,440**	287,815
CURRENT LIABILITIES			
Accounts payable	*15*	**48,542**	52,576
Other payables and accruals	*16*	**53,548**	31,931
Contract liabilities	*17*	**147,043**	12,302
Interest-bearing bank borrowings	*18*	**146,000**	10,000
Income tax payable		**35,834**	3,752
Convertible bonds	*20*	**–**	25,297
Total current liabilities		**430,967**	135,858
NET CURRENT ASSETS		**626,473**	151,957
TOTAL ASSETS LESS CURRENT LIABILITIES		**881,967**	189,853
NON-CURRENT LIABILITIES			
Other payables	*16*	**500**	61,023
Preferred shares	*19*	**–**	259,944
Warrants	*20*	**–**	41,358
Deferred tax liabilities		**5,973**	–
Total non-current liabilities		**6,473**	362,325
Net assets/(liabilities)		**875,494**	(172,472)

	Notes	**2018** **RMB'000**	2017 RMB'000
EQUITY			
Equity attributable to owners of the parent			
Issued capital	*21*	**1**	–*
Treasury shares	*21*	**–***	–
Other reserves		**875,493**	(172,472)
		875,494	(172,472)
Total equity/(deficiency in assets)		**875,494**	(172,472)

* The amount is less than RMB1,000.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 31 DECEMBER 2018

	Note	Attributable to owners of the parent									
		Issued capital	Share premium	Capital reserve	Employee share-based compensation reserve	Statutory reserve funds	Exchange fluctuation reserve	Accumulated losses	Total	Non-controlling interests	Total deficiency in assets
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2017		–#	10,454	5,561	28,799	–	(4,187)	(117,323)	(76,696)	(166)	(76,862)
Loss for the year		–	–	–	–	–	–	(145,090)	(145,090)	(4)	(145,094)
Other comprehensive income for the year:											
Exchange differences		–	–	–	–	–	12,364	–	12,364	–	12,364
Total comprehensive income/(loss) for the year		–	–	–	–	–	12,364	(145,090)	(132,726)	(4)	(132,730)
Issue of shares		–#	27,479	–	–	–	–	–	27,479	–	27,479
Capital injection from registered shareholders of a subsidiary		–	–	8,000	–	–	–	–	8,000	–	8,000
Appropriation to statutory reserve fund		–	–	–	–	1,127	–	(1,127)	–	–	–
Acquisition of non-controlling interests		–	–	(395)	–	–	–	–	(395)	170	(225)
Equity-settled share option arrangements		–	–	–	1,866	–	–	–	1,866	–	1,866
At 31 December 2017		–#	37,933	13,166	30,665	1,127	8,177	(263,540)	(172,472)	–	(172,472)

The amount is less than RMB1,000.

		Attributable to owners of the parent										
	Note	Issued capital *RMB'000*	Treasury shares *RMB'000*	Share premium *RMB'000*	Capital reserve *RMB'000*	Employee share-based compensation reserve *RMB'000*	Statutory reserve funds *RMB'000*	Exchange fluctuation reserve *RMB'000*	Accumulated losses *RMB'000*	Total *RMB'000*	Non-controlling interests *RMB'000*	Total equity *RMB'000*
At 1 January 2018		-#	-	37,933*	13,166*	30,665*	1,127	8,177*	(263,540)*	(172,472)	-	(172,472)
Loss for the year		-	-	-	-	-	-	-	(421,541)	(421,541)	-	(421,541)
Other comprehensive loss for the year:												
Exchange differences		-	-	-	-	-	-	(40,896)	-	(40,896)	-	(40,896)
Total comprehensive loss for the year		-	-	-	-	-	-	(40,896)	(421,541)	(462,437)	-	(462,437)
Issue of shares		1	-#	1,505,917	(3,634)	-	-	-	-	1,502,284	-	1,502,284
Appropriation to statutory reserve fund		-	-	-	-	-	16,173	-	(16,173)	-	-	-
Equity-settled share option arrangements		-	-	-	-	8,119	-	-	-	8,119	-	8,119
At 31 December 2018		1	-#	1,543,850*	9,532*	38,784*	17,300	(32,719)*	(701,254)*	875,494	-	875,494

The amount is less than RMB1,000.

* These reserve accounts comprise the consolidated other reserves of RMB875,493,000 (2017: negative reserves of RMB172,472,000) in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED 31 DECEMBER 2018

	Notes	**2018**	2017
		RMB'000	*RMB'000*
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		**(400,726)**	(141,336)
Adjustments for:			
Foreign exchange losses/(gains),net	*6*	**(1,641)**	1,954
Finance costs	*7*	**6,216**	3,528
Bank interest income	*5*	**(110)**	(29)
Investment income	*5*	**(161)**	(82)
Impairment of accounts receivable	*6*	**134**	1
Depreciation of property, plant and equipment		**859**	443
Amortisation of intangible assets	*11*	**11,757**	2,239
Share-based payment expenses		**8,119**	1,866
Fair value losses on preferred shares	*19*	**217,123**	134,443
Fair value losses on warrants	*20*	**261,791**	16,239
Fair value losses on convertible bonds	*20*	**3,202**	–
Loss on termination of convertible bonds	*20*	**14,270**	–
Listing expense		**44,014**	–
Other expense related to equity-settled transaction		**–**	7,312
		164,847	26,578
Increase in accounts receivable		**(224,324)**	(166,293)
Increase in prepayments, other receivables and other assets		**(166,237)**	(92,904)
Increase in long-term prepayments		**(4,717)**	(18,868)
Increase/(decrease) in accounts payable		**(12,231)**	38,697
Increase in contract liabilities		**134,741**	12,093
Increase/(decrease) in other payables and accruals		**(24,371)**	25,851
Net cash used in operations		**(132,292)**	(174,846)
Interest received		**110**	29
Income tax paid		**(3,243)**	(6)
Net cash flows used in operating activities		**(135,425)**	(174,823)

	Notes	**2018** *RMB'000*	2017 *RMB'000*
CASH FLOWS FROM INVESTING ACTIVITIES			
Investments income		**161**	82
Purchase of financial assets at fair value through profit or loss		**(5,000)**	–
Redemption of financial assets at fair value through profit or loss		**5,000**	9,500
Purchase of items of property, plant and equipment		**(176)**	(232)
Purchase of items of intangible assets		**(175)**	–
Acquisition of subsidiaries		**20,377**	–
Net cash flows from investing activities		**20,187**	9,350
CASH FLOWS FROM FINANCING ACTIVITIES			
Drawdown of bank loans		**154,000**	10,000
Repayment of bank loans		**(18,000)**	–
Capital injection from registered shareholders of a subsidiary		**–**	8,000
Capital injection from shareholders		**64,524**	8
Proceeds from issuance of convertible bonds		**20,000**	17,195
Proceeds from initial public offering		**239,130**	–
Listing expenses paid		**(38,897)**	–
Repayment of convertible bonds		**(61,195)**	–
Proceeds from issuance of preferred shares		**93,695**	71,705
Advance payment received for subscription of preferred shares		**–**	60,523
Interest paid		**(4,451)**	(151)
Loans from employees		**600**	3,480
Repayment of loans due to employees		**(4,080)**	–
Dividend paid		**(11,301)**	–
Increase in pledged deposits		**(34,397)**	–
Net cash flows from financing activities		**399,628**	170,760

	Notes	**2018** *RMB'000*	2017 *RMB'000*
NET INCREASE IN CASH AND CASH EQUIVALENTS		**284,390**	5,287
Cash and cash equivalents at beginning of year		**11,490**	8,157
Net foreign exchange difference		**7,556**	(1,954)
CASH AND CASH EQUIVALENTS AT END OF YEAR		**303,436**	11,490
ANALYSIS OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		**303,436**	11,490
Cash and cash equivalents as stated in the consolidated statement of financial position and statement of cash flows		**303,436**	11,490

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE AND GROUP INFORMATION

Wanka Online Inc. (the "Company") is a limited liability company incorporated in the Cayman Islands on 7 November 2014. Its registered office address is Cricket Square, Hutchins Drive P.O.Box 2681, Grand Cayman KY1-1111, Cayman Islands. The Company, together with its subsidiaries, is collectively referred to as the Group.

Prior to November 2014, the offshore structure was held by the Company's predecessor, Wanka Inc., a company incorporated in the Cayman Islands on 20 May 2014. On 7 November 2014, the Company entered into a letter agreement with Wanka Inc., pursuant to which all the shares of Wanka Holdings Limited, a company set up in Hong Kong by Wanka Inc., would be transferred from Wanka Inc. to the Company for a consideration of HK$1.0. The transfer was completed on 28 November 2014 and since then, the Company has been the holding company of the Group.

During the year, the Company and its subsidiaries, including controlled structured entities, were mainly involved in the mobile advertising services, online-video distribution services and game co-publishing services.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for preferred shares, warrants and certain convertible bonds, which have been measured at fair value. These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The following new and revised HKFRSs became effective for the accounting period commencing from 1 January 2018:

Amendments to HKFRS 2	*Classification and Measurement of Share-based Payment Transactions*
Amendments to HKFRS 4	*Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts*
HKFRS 9	*Financial Instruments*
HKFRS 15	*Revenue from Contracts with Customers*
Amendments to HKFRS 15	*Clarifications to HKFRS 15 Revenue from Contracts with Customers*
Amendments to HKAS 40	*Transfers of Investment Property*
HK(IFRIC)-Int 22	*Foreign Currency Transactions and Advance Consideration*
Annual Improvements 2014-2016 Cycle	Amendments to HKFRS 1 and HKAS 28

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

Amendments to HKFRS 3	*Definition of a Business*[2]
Amendments to HKFRS 9	*Prepayment Features with Negative Compensation*[1]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
HKFRS 16	*Leases*[1]
HKFRS 17	*Insurance Contracts*[3]
Amendments to HKAS 1 and HKAS 8	*Definition of Material*[2]
Amendments to HKAS 19	*Plan Amendment, Curtailment or Settlement*[1]
Amendments to HKAS 28	*Long-term Interests in Associates and Joint Ventures*[1]
HK(IFRIC)-Int 23	*Uncertainty over Income Tax Treatments*[1]
Annual Improvements 2015-2017 Cycle	Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23[1]

1 Effective for annual periods beginning on or after 1 January 2019
2 Effective for annual periods beginning on or after 1 January 2020
3 Effective for annual periods beginning on or after 1 January 2021
4 No mandatory effective date yet determined but available for adoption

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial information requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

4. OPERATING SEGMENT INFORMATION

The segment revenue for the years ended 31 December 2018 and 2017 is as follows:

	2018	2017
	RMB'000	*RMB'000*
Type of goods or services		
Mobile advertising services	**1,443,338**	485,636
Online-video distribution services	**67,442**	–
Game co-publishing services	**10,459**	–
Others	**25,077**	–
Total revenue form contracts with customers	**1,546,316**	485,363
Timing of revenue recognition		
services transferred at a point in time	**21,698**	–
services transferred over time	**1,524,618**	–
Total revenue from contracts with customers	**1,546,316**	485,636

The segment results for the year ended 31 December 2018 are as follows:

	Mobile advertising services	**Online-video distribution services**	**Game co-publishing services**	**Others**	**Total**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***
Segment revenue	**1,443,338**	**67,442**	**10,459**	**25,077**	**1,546,316**
Segment cost of sales	**1,264,739**	**36,324**	**7,358**	**284**	**1,308,705**
Segment result	**178,599**	**31,118**	**3,101**	**24,793**	**237,611**

The segment results for the year ended 31 December 2017 are as follows:

	Mobile advertising services *RMB'000*	Online-video distribution services *RMB'000*	Game co-publishing services *RMB'000*	Others *RMB'000*	Total *RMB'000*
Segment revenue	485,636	–	–	–	485,636
Segment cost of sales	425,350	–	–	–	425,350
Segment result	60,286	–	–	–	60,286

The major customers which contributed more than 10% of the total revenue for the years ended 31 December 2018 and 2017 are listed as below:

	2018 ***RMB'000***	2017 *RMB'000*
Mobile advertising services:		
Customer A	**162,527**	N/A*
Online-video distribution services:	**–**	–
Game co-publishing services:	**–**	–
Others	**–**	–

Notes:

– represents no customer contributed more than 10% of the total revenue for that year.

* represents the amount of revenue from such customer was less than 10% of the total revenue of the Group for that year.

The Group mainly operates in Mainland China and earns substantially all of the revenue from external customers located in the Mainland China.

As at 31 December 2018 and 31 December 2017, substantially all of the non-current assets of the Group were located in Mainland China.

5. OTHER INCOME AND GAINS

An analysis of other income and gains is as follows:

	2018 ***RMB'000***	2017 *RMB'000*
Other income and gains		
Conference service income, net	**3,953**	849
Bank interest income	**110**	29
Investment income	**161**	82
Government grants*	**5,652**	–
Foreign exchange gain, net	**1,641**	–
Others	**144**	1
	11,661	961

* Certain government grants have been received for setting up development activities in the mobile Internet video industry zone in Shanghai, Mainland China. There are no unfulfilled conditions or contingencies relating to these grants.

6. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging/(crediting):

	Notes	**2018** **RMB'000**	2017 RMB'000
Cost of services, net of purchase rebate		**1,308,705**	425,350
Depreciation and amortisation	*11*	**12,616**	2,682
Auditor's remuneration		**1,750**	–
Minimum lease payments under operating leases		**3,721**	1,624
Listing expenses#		**44,014**	–
Employee benefit expenses (excluding directors' and chief executive's remuneration)^:			
Wages and salaries		**36,128**	15,168
Pension scheme contributions^^		**5,575**	1,939
Share-based payment expenses		**8,119**	1,866
		49,822	18,973
Fair value losses on preferred shares	*19*	**217,123**	134,443
Fair value losses on warrants	*20*	**261,791**	16,239
Fair value losses on convertible bonds	*20*	**3,202**	–
Loss on termination of convertible bonds	*20*	**14,270**	–
Impairment of accounts receivable*	*12*	**134**	1
Foreign exchange losses/(gains), net*		**(1,641)**	1,954

* Impairment of accounts receivable and foreign exchange losses are included in "Other expenses and losses" in the consolidated statement of profit or loss, foreign exchange gains are included in "Other income and gains" in the consolidated statement of profit or loss.

^ Employee benefit expense excluding share-based payment expenses are included in "Cost of sales", "Selling and distribution expenses", "Research and development costs" and "Administrative expenses" in the consolidated statement of profit or loss.

^^ At 31 December 2018, the Group had no forfeited contributions available to reduce its contributions to the pension schemes of future years (2017: Nil).

It represents listing expenses that are charged to "Administrative expenses" in the consolidated statement of profit or loss.

7. FINANCE COSTS

An analysis of finance costs is as follows:

	2018 **RMB'000**	2017 RMB'000
Interest expenses		
–Bank borrowings	**4,346**	151
–Loans from employees	**242**	74
–Convertible bonds *(note 20)*	**1,628**	3,303
	6,216	3,528

8. INCOME TAX

The Company is incorporated under the law of the Cayman Islands and is not subject to the Cayman Islands income tax.

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the years ended 31 December 2018 and 2017. The income tax expenses of the Group for the years ended 31 December 2018 and 2017 represented current tax expenses related to the Group's operations in Mainland China and deferred tax.

The income tax provision of the Group in respect of its operations in Mainland China was calculated at the tax rate of 25% on the estimated assessable profits for the periods, if applicable, based on the existing legislation, interpretations and practice in respect thereof, except for one PRC subsidiary located in Shanghai, which is entitled to a preferential tax treatment of tax free for two years and at 12.5% for three years as it is qualified as a "new high technology enterprise" located in Shanghai Pudong New Area.

	2018	2017
	RMB'000	*RMB'000*
Current – Mainland China	**31,736**	3,758
Deferred	**(10,921)**	–
Total tax charge for the year	**20,815**	3,758

9. DIVIDENDS

No dividends have been paid or declared by the Company during the year ended 31 December 2018 (2017: nil).

10. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic loss per share amount is based on the loss for the year attributable to owners of the parent, and the weighted average number of ordinary shares of 777,848,095 (2017: 586,899,862) in issue excluding the treasury shares during the year, considering the share split occurred on 15 November 2017 and 3 November 2018, the share split was treated as having been in issue for the whole period and also included in the loss per share calculation of all earlier periods presented so as to give comparable results.

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. As the Group incurred losses for the years ended 31 December 2018 and 2017, the potential ordinary shares were not included in the calculation of diluted loss per share, as their inclusion would be anti-dilutive. Accordingly, diluted loss per share amounts for the years ended 31 December 2017 and 2018 are the same as basic loss per share amounts of the respective years.

The calculations of basic and diluted loss per share are based on:

	2018	2017 (Restated)
Loss for the year attributable to owners of the parent used in the basic and diluted loss per share calculation *(RMB'000)*	**(421,541)**	(145,090)
Weighted average number of ordinary shares in issue during the year	**777,848,095**	586,899,862
Basic/diluted loss per share	**RMB(0.54)**	RMB(0.25)

11. OTHER INTANGIBLE ASSETS

	Commercial resources *RMB'000*	Software *RMB'000*	Customer relationship *RMB'000*	Total *RMB'000*
31 December 2018				
At 1 January 2018				
Cost	**20,152**	**–**	**–**	**20,152**
Accumulated amortisation	**(2,239)**	**–**	**–**	**(2,239)**
Net carrying amount	**17,913**	**–**	**–**	**17,913**
Cost at 1 January 2018, net of accumulated amortisation	**17,913**	**–**	**–**	**17,913**
Additions	**–**	**165**	**–**	**165**
Acquisition of subsidiaries	**–**	**6,000**	**25,000**	**31,000**
Amortisation provided during the year	**(6,718)**	**(998)**	**(4,041)**	**(11,757)**
At 31 December 2018, net of accumulated amortisation	**11,195**	**5,167**	**20,959**	**37,321**
At 31 December 2018				
Cost	**20,152**	**6,165**	**25,000**	**51,317**
Accumulated depreciation	**(8,957)**	**(998)**	**(4,041)**	**(13,996)**
Net carrying amount	**11,195**	**5,167**	**20,959**	**37,321**

	Commercial resources *RMB'000*
31 December 2017	
At 1 January 2017:	
Cost	–
Accumulated amortisation	–
Net carrying amount	–
Cost at 1 January 2017, net of accumulated amortisation	–
Additions	20,152
Amortisation provided during the year	(2,239)
At 31 December 2017, net of accumulated amortisation	17,913
At 31 December 2017 and at 1 January 2018:	
Cost	20,152
Accumulated amortisation	(2,239)
Net carrying amount	17,913

Notes:

(a) The intangible asset recognised in 2017 was related to certain commercial resources associated with a cooperation agreement with a mobile phone manufacturer. On 15 November 2017, the Group issued 3,806,206 Class B ordinary shares to a mobile phone manufacturer at a total consideration of US$1,142 in cash together with a cooperation agreement with the mobile phone manufacturer, aiming to monetise certain commercial resources of the mobile phone manufacturer. The transaction was an equity-settled transaction. An intangible asset of RMB20,152,000 was recognised, which was valued by an independent valuer using the "with or without" method of discounting the future expected net profits of the Group generated from the intangible asset. Key inputs used in valuing the fair value of the intangible asset are set forth below:

	At the transaction date 2017
Discount rate	19%
Budgeted revenue growth rate	200%

The discount rate was estimated by the weighted average cost of capital at the date of acquisition of the commercial resources, which reflects specific risks relating to the resources.

The basis used to determine the budgeted revenue growth rate is the average growth rate achieved in the year immediately before the budget year, increased for expected efficiency improvements, and expected market development.

(b) Intangible assets recognised in 2018 were related to the software and customer relationship associated with the business combination of Shanghai ChiLe. On 12 March 2018, the Company issued 12,024,632 Class B ordinary shares to acquire a 100% equity interest in Shanghai ChiLe. The software of RMB6,000,000 was recognised, which is valued by an independent valuer using "excess profit" method of discounting the future expected net profits of Shanghai ChiLe generated from the software. The customer relationship of RMB25,000,000 was recognised, which is valued by an independent valuer using the "relief from royalty" method of discounting the future expected net profits of Shanghai ChiLe generated from the customer relationship. Key inputs used in valuing the fair value of the intangible assets are set forth below:

	At the transaction date 2018
Discount rate	**18%**
Budgeted revenue growth rate	**50%**

The discount rate was estimated by the weighted average cost of capital at the date of acquisition of the software and customer relationship, which reflects specific risks relating to the assets.

The basis used to determine the budgeted revenue growth rate is the historical data, management's expectation of the future market and average growth rate achieved by comparable companies.

12. ACCOUNTS RECEIVABLE

	2018	2017
	RMB'000	*RMB'000*
Accounts receivable	**444,023**	182,608
Impairment	**(134)**	–
Total	**443,889**	182,608

The Group's trading terms with its customers are partially on credit. For some customers, payments in advance are normally required. For mobile advertising and game co-publishing business, the credit period generally ranges from one to three months for major customers. For online-video distribution, the credit period generally ranges from three to twelve months. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. As at 31 December 2018, the Group had certain concentrations of credit risk as 27% (2017: 27%) of the Group's accounts receivable were due from the Group's five largest customers, respectively. In view of the aforementioned and the fact that these customers have a good track record with the Group based on past experience and no significant changes in credit quality are noted, the directors of the Company are of the opinion that there are no significant credit risks on the balances. The Group does not hold any collateral or other credit enhancements over its accounts receivable balances. Accounts receivable are non-interest-bearing.

An ageing analysis of the accounts receivable as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	2018	2017
	RMB'000	*RMB'000*
Within 3 months	**420,469**	179,604
3 to 12 months	**15,739**	2,983
1 to 2 years	**7,649**	–
2 to 3 years	**32**	21
	443,889	182,608

The movements in the loss allowance for impairment of accounts receivable are as follows:

	2018	2017
	RMB'000	*RMB'000*
At beginning of year	**–**	–
Impairment losses, net *(note 6)*	**134**	1
Amount written off as uncollectible	**–**	(1)
At end of year	**134**	–

Receivables that were neither past due nor impaired related to a large number of diversified customers including some large customers with a good track record with the Group for whom there was no recent history of default and no significant changes in the credit risks.

Receivables that were past due but not impaired related to a number of independent customers that had a good track record with the Group. Based on past experience, the directors of the Company were of the opinion that no provision for impairment under HKAS 39 was necessary in respect of these balances as there had not been a significant change in credit quality and the balances were still considered fully recoverable.

No accounts receivable were pledged to secure bank loans and other loans as at 31 December 2018 (2017: Nil).

13. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	2018	2017
	RMB'000	*RMB'000*
Non-current portion:		
Prepayments	**23,585**	18,868
Current portion:		
Prepayments	**228,265**	56,799
Due from a director	**–**	32,671
Deposits and other receivables	**47,533**	4,247
Total	**275,798**	93,717

None of the above financial assets is either past due or impaired. The financial assets included in the above balances related to receivables for which there was no recent history of default.

14. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	2018	2017
	RMB'000	*RMB'000*
Cash and bank balances	**197,508**	11,490
Short term time deposits	**140,245**	–
	337,753	11,490
Less: Pledged time deposits:		
Pledged for bank loans	**(34,317)**	–
Cash and cash equivalents	**303,436**	11,490
Denominated in:		
– RMB	**79,908**	7,012
– USD	**1,309**	4,478
– HKD	**222,219**	–
	303,436	11,490

RMB is not freely convertible into other currencies. However, under Mainland China's prevailing rules and regulations over foreign exchange, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between seven days and one year depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

15. ACCOUNTS PAYABLE

An aged analysis of the Group's accounts payable at the end of the reporting period, based on the invoice date, is as follows:

	2018 *RMB'000*	2017 *RMB'000*
Within 1 year	**48,318**	52,428
1 to 2 years	**224**	45
More than 2 years	**–**	103
	48,542	52,576

The accounts payable are non-interest-bearing and are normally settled on terms of 60 to 90 days.

16. OTHER PAYABLES AND ACCRUALS

	2018 *RMB'000*	2017 *RMB'000*
Non-current portion:		
Advance payment received from subscription of preferred shares	**–**	60,523
Other payables	**500**	500
	500	61,023
Current portion:		
Payroll payable	**5,295**	1,938
Loans from employees#	**–**	3,554
Due to a director	**–**	23,890
Listing expenses payables	**35,345**	–
Other payables and accruals	**12,908**	2,549
	53,548	31,931

\# The carrying value as at 31 December 2017 includes principal of RMB3,480,000 and interest of RMB74,000. The loans from employees as at 31 December 2017 had an annual interest rate of 6.3% and were repaid in 2018.

Current portion of other payables and accruals are non-interest-bearing and have an average term of three months.

17. CONTRACT LIABILITIES

Details of contract liabilities as at 31 December 2018 and 1 January 2018 are as follows:

	2018	2017
	RMB'000	*RMB'000*
Short-term advances received from customers		
Mobile advertising services	**138,505**	–
Online-video distribution services	**2,841**	12,302
Game co-publishing services	**5,697**	–
Total contract liabilities	**147,043**	12,302

Contract liabilities include short-term advances received to render mobile advertising services, online-video distribution services and game co-publishing services. The increase in contract liabilities in 2018 was mainly due to the increase in short-term advances received from customers in relation to the provision of mobile advertising services at the end of the year.

18. INTEREST-BEARING BANK BORROWINGS

Details of the Group's interest-bearing bank borrowings as at 31 December 2018 and 31 December 2017 are as follows:

	As at 31 December 2018		
	Effective contractual interest rate (%)	**Maturity**	***RMB'000***
Current			
Bank loans – secured	**5.220**	**2019**	**30,000**
– unsecured	**5.220-8.000**	**2019**	**116,000**
			146,000

	As at 31 December 2017		
	Effective contractual interest rate (%)	Maturity	*RMB'000*
Current			
Bank loans – secured	6.786	2018	10,000

	2018	2017
	RMB'000	*RMB'000*
Analysed into:		
Bank loans repayable:		
Within one year or on demand	**146,000**	10,000
	146,000	10,000

Notes:

(a) The Group's bank loans of RMB10,000,000 as at 31 December 2017 were secured by a property held by a director and guaranteed by two directors and their spouses.

(b) As at 31 December 2018, the Group's bank loans of (i) RMB30,000,000 were secured by pledged deposits of US$5,000,100 (equivalent to approximately RMB34,317,000) provided by a subsidiary of the Company, Wanka Holdings Limited; (ii) RMB20,000,000 were guaranteed by a third party, Beijing Zhongguancun Sci-tech Financing Guaranty Co., Ltd., and (iii) RMB20,000,000 were guaranteed by a third party, Beijing Culture & Technology Financing Guaranty Co., Ltd.

19. PREFERRED SHARES

The movement of preferred shares during the years ended 31 December 2018 and 2017 are as follows:

	RMB'000
At 1 January 2017	64,667
Issuance of Series B preferred shares	71,705
Fair value loss on preferred shares	134,443
Exchange realignment	(10,871)
At 31 December 2017 and 1 January 2018	259,944
Issuance of Series B+ and C preferred shares	92,431
New issue upon exercise of warrants	359,327
Fair value loss on preferred shares	217,123
Converted to ordinary shares	(982,253)
Exchange realignment	53,428
At 31 December 2018	–

After the completion of the global offering of the Company on 21 December 2018, all of the convertible redeemable preferred shares were converted to ordinary shares of the Company. The fair value of each of convertible redeemable preferred shares is equivalent to the fair value of each of the ordinary shares of the Company on the conversion date, which is the offer price set at HK$3.56 in the global offering.

The fair values of preferred shares as at the end of each reporting period were valued by an independent third party valuer (the "Valuer"). The equity value allocation model is used to determine the fair values of the preferred shares as of the dates of issuance and at the end of each reporting period.

Total equity value of the Company at 31 December 2017 is estimated by the Valuer using DCF method. Key inputs used in valuing total equity value by the DCF Method mainly include weighted average cost of capital ("WACC") and terminal growth rate, etc. In addition, a discount due to lack of marketability ("DLOM") is used in arriving at the total equity value.

Details of preferred shares which had been issued to certain investors prior to the globe offerings are as follows:

	Date of issuance	Conversion price (US$/share)		Number of shares		Total consideration received	
		Before share split *(note a)*	After share split *(note a)*	Before share split *(note a)*	After share split *(note a)*	*US$'000*	*RMB'000*
Series Pre-A preferred shares	21 November 2014	US$8.00	US$0.016	125,000	62,500,000	1,000	6,123
Series A-1 preferred shares[(note b)]	1 March 2016	US$35.20	US$0.070	56,821	28,410,500	2,000	12,987
Series A-2 preferred shares[(note b)]	1 March 2016	US$30.80	US$0.062	20,946	10,473,000	US$ equivalent of RMB4 million	4,000
Series B preferred shares	18 April 2017	US$59.38	US$0.119	176,837	88,418,500	10,500	71,705
Series B+ preferred shares	30 January 2018	N/A	US$0.271	N/A	34,236,130	9,262	60,523
Series C preferred shares	24 May 2018	N/A	US$0.861	N/A	5,809,840	5,000	31,908
Series A-1 preferred shares[(note c)]	24 May 2018	N/A	US$0.070	N/A	56,821,000	US$ equivalent of RMB24 million	24,000
Series B preferred shares[(note c)]	24 May 2018	N/A	US$0.119	N/A	21,052,000	2,500	16,052
Series B+ preferred shares[(note c)]	24 May 2018	N/A	US$0.522	N/A	6,059,930	3,161	20,185

Notes:

a. Pursuant to the shareholders' resolution passed on 15 November 2017, every share of the issued convertible redeemable preferred shares is subdivided into 50 shares. Pursuant to the shareholders' resolution passed on 3 November 2018, every share of the issued convertible redeemable preferred shares is subdivided into 10 shares.

b. Series A preferred shares include Series A-1 and Series A-2 preferred shares.

c. These Series A-1, B and B+ preferred shares were issued because the investors exercised their warrants on 24 May 2018.

The Group does not bifurcate any embedded derivatives from the host instruments and designates the entire instruments as financial liabilities at fair value through profit or loss with the changes in the fair value recorded in the statement of profit or loss.

The fair value loss of approximately RMB217,123,000 was recognised in profit or loss for the year ended 31 December 2018 (2017: RMB134,443,000).

20. CONVERTIBLE BONDS AND WARRANTS

The movements of the convertible bonds and warrants for the years ended 31 December 2018 and 2017 are set out below:

	Convertible bonds *RMB'000*	**Warrants** *RMB'000*
At 1 January 2017	13,950	17,467
Issue during the year	8,044	9,151
Fair value losses	–	16,239
Interest expense	3,303	–
Exchange realignment	–	(1,499)
At 31 December 2017	25,297	41,358
Issue during the year	16,798	3,202
Fair value losses on warrants	–	261,791
Fair value losses on convertible bonds	3,202	–
Interest expense	1,628	–
Repayment of convertible bond	(28,669)	–
Transfer to other payables	(18,256)	–
Exercise of warrants	–	(297,674)
Exchange realignment	–	(8,677)
At 31 December 2018	**–**	**–**

The warrants, except for warrants issued under an equity-settled transaction, were classified as derivative financial liabilities measured at fair value on initial recognition and subsequently measured at fair value with changes in fair value through profit or loss; the convertible bonds issued to Shenshang VC, MIC and China Creation Ventures (as defined below) were included in the current liabilities and classified as financial liabilities measured at amortised cost; and the convertible bond issued to KIP Bright (as defined below) was included in the current liabilities and classified as financial liabilities measured at fair value on initial recognition and subsequently measured at fair value with changes in fair value through profit or loss.

On 24 May 2018, all the warrants were exercised and the convertible bonds related to Zhonglu and KIP Bright (as defined below) were settled. For the remaining convertible bonds, which are related to Shenshang Xingye and China Creation Ventures (as defined below), the conversion rights were terminated and an expense of RMB14,270,000 was recognised as the difference between the fair value of convertible bonds with that of the amortised cost at the termination date and the balance was transferred to other payables.

Since the date of incorporation and up to 31 December 2018, the Company has issued the following warrants to certain investors. For details, please refer to the following table:

	Date of grant	Type of shares	Number of shares underlying *(before split)**	Number of shares underlying *(after split)**	Exercise price
Gionee (HK) Communication Equipment Limited ("Gionee") *(a)*	1 March 2016	Class B ordinary shares	78,547	3,927,350	US$0.637 per share for 78,547 Class B ordinary share before share split, or US$0.01 per share for 3,927,350 Class B ordinary share after split conditional on the fulfilment of certain obligations by Gionee under the cooperation agreement.
Shenshang Xingye Venture Capital Limited ("Shenshang VC") *(b)*	1 March 2016	Series A-1 preferred shares	56,821	2,841,050	US$35.20 per share for 56,821 Series A-1 preferred shares before share split; or US$0.70 per share for 2,841,050 Series A-1 preferred shares after share split.
Made In China Ltd. ("MIC") *(b)*	1 March 2016	Series A-1 preferred shares	56,821	2,841,050	US$35.20 per share for 56,821 Series A-1 preferred shares before share split; or US$0.70 per share for 2,841,050 Series A-1 preferred shares after share split.
Ningbo New Summit Private Equity Fund I L.P. ("China Creation Ventures") *(c)*	18 April 2017	Series B preferred shares	42,104	2,105,200	US$59.3637 per share for 42,104 Series B preferred shares before share split; or US$1.19 per share for 2,105,200 Series B preferred shares after split.
KIP Bright (Chengdu) Equity Investment Partnership (LP) ("KIP Bright") *(d)*	25 January 2018	Series B+ preferred shares	N/A	605,993	The exercise price is certain US dollars equivalent to RMB20,000,000.

* Pursuant to the shareholders' resolution passed on 15 November 2017, every share to be issued under the warrants is subdivided into 50 shares.

The fair value of Warrants as at the issuance date and 31 December 2017 was valued by the Valuer. The equity value allocation model is used to determine the fair values of the Warrants as of the dates of issuance and 31 December 2017. The valuation model as well as the parameters were the same as those used in the valuation of preferred shares as disclosed in note 19 to the financial statements.

The fair values of Convertible Bonds at issuance date were valued by the Valuer. The key inputs in the valuation was the discount rate. For subsequent measurement, for the Convertible Bonds issued to Zhonglu, Shenshang Xingye and China Creation Ventures, they were accounted for at amortised cost; for the Convertible Bonds issued to KIP Bright, it was accounted for as a financial liability at fair value through profit or loss.

21. SHARE CAPITAL

Company	Authorised number of shares	Issued									
		Number of ordinary shares	Total par value of value of ordinary shares	Number of Class A ordinary shares	Total par value of Class A ordinary shares	Number of Class B ordinary shares	Total par value of Class B ordinary shares	Number of treasury shares	Total par value of treasury shares	Number of preferred shares	Total par value of preferred shares
	'000	*'000*	*RMB*	*'000*	*RMB*	*'000*	*RMB*	*'000*	*RMB*	*'000*	*RMB*
As at 31 December 2017	25,000,000	–	–	27,457	–	34,559	157	–	–	18,981	249
Issuance of preferred shares – Series B+	–	–	–	–	–	–	–	–	–	3,424	44
Transfer to Class B ordinary shares and cancelled Class A ordinary shares	–	–	–	(1,229)	–	1,229	–	–	–	–	–
Issuance of Class B ordinary shares	–	–	–	–	–	12,025	152	–	–	–	–
Issuance of preferred shares – Series C	–	–	–	–	–	–	–	–	–	581	7
Issuance of preferred shares – Series A-1	–	–	–	–	–	–	–	–	–	5,682	73
Issuance of preferred shares – Series B	–	–	–	–	–	–	–	–	–	2,105	27
Issuance of preferred shares – Series B+	–	–	–	–	–	–	–	–	–	606	8
Issuance of Class B ordinary shares	–	–	–	–	–	3,927	50	–	–	–	–
Issuance of Class B ordinary shares	–	–	–	–	–	4,086	52	–	–	–	–
Issuance of Class B ordinary share for trustee	–	–	–	–	–	6,250	–	–	–	–	–
Transfer to treasury shares	–	–	–	–	–	(6,250)	–	6,250	–	–	–
Share split by 1:10	225,000,000	–	–	236,056	–	502,435	–	56,250	–	282,402	–
Preferred shares transfer to ordinary shares	–	–	–	–	–	313,781	432	–	–	(313,781)	(432)
Exchange realignment	–	–	–	–	–	–	–	–	–	–	24
Global offering	–	76,390	105	–	–	–	–	–	–	–	–
Class A and B ordinary shares re-classified as ordinary shares	–	1,134,326	843	(262,284)	–	(872,042)	(843)	–	–	–	–
As at 31 December 2018	**250,000,000**	**1,210,716**	**948**	**–**	**–**	**–**	**–**	**62,500**	**–**	**–**	**–**

22. CONTINGENT LIABILITIES

At the end of the reporting period, the Group did not have any significant contingent liabilities.

23. CAPITAL COMMITMENTS

At the end of the reporting period, the Group did not have any significant capital commitments.

24. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The main risks arising from the Group's financial instruments are foreign currency risk, credit risk and liquidity risk. The Group's overall risk management programme focuses on minimising potential adverse effects of these risks, with material impact, on the Group's financial performance. The board of directors reviews and agrees policies for managing each of these risks.

BUSINESS REVIEW

We connect smartphone users efficiently by utilising our core Data AI Platform Group ("**DAPG**") technology platform to optimise various customised promotions and deliver customised contents created by marketers to target smartphone users. Under the close strategic partnership with Mobile Hardcore Alliance ("**MHA**") in 2018, we were in a position to build an Android-based mobile ecosystem that serves industrial players through approaching the largest group of smartphone users in China at any time anywhere. The ecosystem we have built had helped our distribution channels, particularly those of smartphone manufacturers, to maximise their monetisation potential by matching online advertising opportunities with marketers seeking to advertise their contents. It also provides marketers with access to a massive user base accumulated by smartphone manufacturers in a cost-effective manner. Revenue from our mobile advertising significantly grew from RMB485.6 million in 2017 to RMB1,443.3 million in 2018, while the number of mobile apps and mobile games we helped advertise increased from 2,817 in 2017 to 3,869 in 2018.

Leveraging our first mover advantage in connecting isolated Android-based systems of Chinese smartphone manufacturers with other participants in our Android-based ecosystem, we completed a cross-industry acquisition for the first time in 2018. In March 2018, we strategically acquired a Shanghai-based company, Shanghai Chile Information Technology Co., Ltd. (上海池樂信息科技有限公司) ("**Shanghai ChiLe**"), and achieved revenue of RMB67.4 million by providing online video distribution services to a large number of marketers in 2018. In addition, based on our in-depth knowledge and extensive experience in the online game industry in our early stage, we also recently began to provide game co-publishing services for mobile game developers. By the end of 2018, we co-published 13 games. We believe that we will expand into additional vertical markets in the future and empower businesses to promote and deliver their contents and services to smartphone users in more efficient and innovative manners.

Together with 10 leading Chinese smartphone manufacturers, namely vivo, Huawei, OPPO, Xiaomi, Lenovo, Gionee, Meizu, ZTE, Nubia and Oneplus, we co-founded the Quick App Alliance ("**QAA**") in March 2018. As the eco-platform service provider of the QAA, we have launched official guidelines to the Quick App development. In addition, we have published comprehensive Quick App development kits and related technical files which are available on Quickapp.cn, the official website for Quick App development administered by us, providing Quick App developers solutions to a host of issues they face in developing Quick Apps. Following the launch of the Quick App, we continue to assist smartphone manufacturers in improving the functions of Quick App so that they are easier for users to detect and promote the development process. The Quick App will connect users to a large number of online and offline services, including retail, e-commerce, community services, government affairs and living issues. By December 2018, the Quick App developers in China exceeded 10,000, and approximately 1 billion Android-based devices support Quick App functions.

BUSINESS OUTLOOK AND STRATEGIES

In 2019, we will continue to build a leading distribution platform for online contents and further foster our ecosystem, thereby providing better services to our customers and business partners, and better value for our shareholders. Our main strategies include:

- We will continue to invest significant resources in research and development. Centering on the 5G technology, we will enhance our technologies used for data and scenario analytics in order to manage effectively the huge amount of network traffic arising from a dramatic increase in the quality transmission of data and video contents in the future;

- We will actively develop and deepen our cooperation with ecosystem participants, diversify our service offerings, and create more meaningful and attractive value-added potential for ecosystem participants;

- We will use indirect sales in conjunction with our direct sales efforts to expand into these new regional markets, especially in second- and third-tier cities in China;

- We strive to lower the technical barrier for developing Quick Apps with the aim of redirecting the focus of more mobile app developers to Quick App development to meet the evolving market demand; and

- We intend to expand further into large overseas markets in order to attract global mobile app developers to develop applications compatible with the Android-based smartphones produced in China, which will help Chinese smartphone manufacturers grow their user base globally.

MANAGEMENT DISCUSSION AND ANALYSIS

Revenue

Our revenue increased significantly from RMB485.6 million in 2017 to RMB1,546.3 million in 2018, due to the increase in the number of mobile apps and mobile games we advertised. As we enhanced our business relationships with smartphone manufacturers and other suppliers of distribution channels, we were able to expand the number of mobile apps and mobile games we advertised from 2,817 in 2017 to 3,869 in 2018.

In addition, we launched our online-video distribution services and game co-publishing services in 2018, which generated revenues of RMB67.4 million (2017: Nil) and RMB10.5 million (2017: Nil), respectively.

The following table sets forth the comparative figures for the years ended 31 December 2018 and 2017.

	Year ended 31 December			
	2018		2017	
	RMB'000	***% of total revenues***	*RMB'000*	*% of total revenues*
Revenues				
Mobile advertising	**1,443,338**	**93.3%**	485,636	100%
Online-video distribution	**67,442**	**4.4%**	–	–
Game co-publishing	**10,459**	**0.7%**	–	–
Others*	**25,077**	**1.6%**	–	–
Total	**1,546,316**	**100%**	485,636	100%

* Includes revenue from IT development related services

Mobile Advertising Services

We generated revenues by distributing advertisements of marketers' mobile apps and mobile games in the distribution channels of our MHA members, non-MHA smartphone manufacturers and non-smartphone manufacturer distribution channel suppliers. We also offered a variety of advertising formats across our distribution channels, including app store search ads, in-feed ads, banner ads, interstitial ads and splash screen ads, to suit our customers' specific needs. The following table sets forth a breakdown of our advertising revenue by source for the years ended 31 December 2018 and 2017:

	Year ended 31 December			
	2018		2017	
	RMB'000	***% of total revenues***	*RMB'000*	*% of total revenues*
Mobile game distribution	**1,005,630**	**69.7%**	267,352	55.1%
Mobile app distribution	**437,708**	**30.3%**	218,284	44.9%
Total	**1,443,338**	**100%**	485,636	100%

Our mobile advertising revenue generated from distribution of mobile games increased significantly from RMB267.4 million in 2017 to RMB1,005.6 million in 2018, representing an increase of RMB738.2 million, or 276.1% from 2017. The increase is primarily because we expanded the number of mobile games we marketed and obtained new mobile game distribution channels from smartphone manufacturers, especially from the MHA members. Our mobile advertising revenue from mobile app distribution increased from RMB218.3 million in 2017 to RMB437.7 million in 2018, representing an increase of RMB219.4 million, or 100.5% from 2017, primarily because we had been actively expanding our advertisement distribution channels for mobile apps and increased the number of mobile apps we marketed.

Online-video Distribution Services

Leveraging our success and experience in providing advertising services, we have expanded into additional business verticals and strategically acquired Shanghai ChiLe, a limited-liability company incorporated on 18 June 2014 under the laws of the People's Republic of China (the "**PRC**"), in March 2018. We have since begun establishing our online-video distribution network to unleash new monetisation opportunities.

Shanghai ChiLe was primarily engaged in marketing and promotion of online-video content in China. With our stable relationships with suppliers of content distribution channels and smartphone manufacturers, especially the MHA members, we integrated the operational know-hows and experience of Shanghai ChiLe in the field of online-video distribution, and expanded our service offerings to a broader range of marketers.

We began the business line of online-video distribution services in 2018, and generated a revenue of RMB67.4 million for this business line in 2018. The videos we distribute are mainly in the areas of finance, entertainment and movies.

Game Co-publishing Services

We offer one-stop game co-publishing services to game developers, which include game optimisation, marketing, promotion, distribution, monetisation and other user-related services. Leveraging our extensive experience in game co-publishing, amassed data volume and technical know-how, we actively identified and sourced new as well as optimised existing game content based on our in-depth understanding of user profiles, preferences, tastes, and playing habits. Moreover, based on our close relationship with various smartphone-based distribution channels, we allocated game marketing and promotion resources more efficiently and effectively, with insights into the effect of timing of offer and type of virtual items based on user behavior and in-game spending.

We began to derive revenue from game co-publishing services in January 2018, which amounted to RMB10.5 million in 2018. As at 31 December 2018, we had co-published the following 13 mobile games in China.

Title	**Android-based operation platform**	**Genre**	**Initial launch time**
A Legend Comes (傳奇來了)	Mobile	Role-playing game	January 2018
A Monkey King Story (大聖外傳)	Mobile	Card game	January 2018
The Travel Fairies (神遊記)	Mobile	Role-playing game	May 2018
Time Illusions (時光幻境)	Mobile	Role-playing game	May 2018
Armor Girls of the Caribbean (加勒比海戰姬)	Mobile	Simulation game	June 2018
March! Three Kingdoms (進擊吧!三國)	Mobile	Role-playing game	July 2018
Mobile Three Kingdoms (掌中三國)	Mobile	Card game	October 2018
Battle Hymn of the Dragon City (龍城戰歌)	Mobile	Role-playing game	October 2018
Righteous Ardor (熱血合擊)	Mobile	Role-playing game	December 2018
Martial World Conquest (橫掃天下)	Mobile	Role-playing game	December 2018
Fairy Realm (修真界)	Mobile	Role-playing game	December 2018
Zealous Monkey King (瘋狂的悟空)	Mobile	Role-playing game	December 2018
Journey to the West Runner (跑跑西遊記)	Mobile	Role-playing game	December 2018

Cost of Sales

Our cost of sales is primarily comprised of distribution fees incurred for advertisement placements onto the distribution channels, labor costs and amortisation and other related costs associated with the cooperation agreements with certain smartphone manufacturers in relation to their distribution channels.

Cost of sales increased significantly to RMB1,329.2 million in 2018 compared to RMB439.6 million in 2017. This increase was primarily driven by an increase in distribution fees to our distribution channels from RMB425.4 million in 2017 to RMB1,308.4 million in 2018, which was in line with the increase in our revenues during 2018.

Gross Profit and Margins

As a result of the foregoing, our gross profit increased from RMB46.0 million in 2017 to RMB217.1 million in 2018. The growth in gross profit was primarily driven by our enhanced business relationships with smartphone manufacturers and other distribution channel suppliers. As our business model gains further recognition, we began to enjoy economies of scale which enables us to increase the number of mobile apps and mobile games we advertise without incurring the same rate of increase in our cost of sales.

The increase in gross profit margin from 9.5% in 2017 to 14.0% in 2018 was primarily due to our enhanced efficiency in consummating transactions on our DAPG platform.

Other Income and Gains

Other income and gains increased significantly from RMB961,000 in 2017 to RMB11.7 million in 2018. This increase is primarily due to certain government grants of RMB5.7 million we received in connection with our online-video distribution business and conference income of RMB4.0 million for a series of promotional events we organised in connection with Quick Apps.

Selling and Distribution Expenses

Selling and distribution expenses primarily consisted of sales employee salaries and related benefit expenses, traveling costs, conference costs and marketing expenses. The increase of such expenses from RMB5.7 million in 2017 to RMB16.7 million in 2018 was mainly attributable to the increase in marketing and advertising expenses and the expansion of sales and marketing personnel.

Research and Development Cost

Research and development cost primarily included fees paid to third party consulting service providers and employee salaries and related benefit expenses. Our research and development expenses increased by 65.4% to RMB26.3 million in 2018, compared to RMB15.9 million in 2017 as we recruited more research and development employees to bolster and refine our data analysis capabilities.

Administrative Expenses

Our administrative expenses increased significantly from RMB8.7 million in 2017 to RMB74.6 million in 2018, which was mainly driven by the increase in employee benefit expenses and professional service fees incurred in connection with the Listing.

Share-based Payment Expenses

Our share-based payment expenses increased significantly from RMB1.9 million in 2017 to RMB8.1 million in 2018, because we granted additional 2,126,700 RSUs (after share split in November 2018) to certain grantees during 2018.

Operating Profit

As a result of the foregoing, our operating profit increased significantly from RMB12.9 million in 2017 to RMB101.9 million in 2018. Operating margin increased from 2.7% in 2017 to 6.6% in 2018.

Finance Costs

Our finance costs increased by 77.1% from RMB3.5 million in 2017 to RMB6.2 million in 2018, primarily due to higher interest expenses incurred in connection with our new bank borrowings.

Fair Value Losses on Preferred Shares and Warrants

Fair value losses on preferred shares and warrants increased by 2.2 times to RMB478.9 million in 2018, compared to RMB150.7 million in 2017. Such loss increased significantly because our business and company valuation continued to grow at a fast pace. On the Listing Date, all our preferred shares were automatically converted into our ordinary shares.

Income Tax Expense

Our income tax expense increased significantly from RMB3.8 million in 2017 to RMB20.8 million in 2018. The increase was primarily attributable to the increase in taxable profit of one of our subsidiaries in China.

Loss for the Year

Our loss increased significantly to RMB421.5 million in 2018, compared to RMB145.1 million in 2017, primarily because of the fair value loss of preferred shares and warrants.

Non-HKFRS Measures

To supplement our consolidated financial statements, which are presented in accordance with the HKFRSs, we also use adjusted EBITDA and adjusted net profit as additional financial measures, which are unaudited and not required by, or presented in accordance with, HKFRSs. We present these financial measures because they are used by our management to evaluate our financial performance by eliminating the impact of items that we do not consider indicative of our business performance. We also believe that these non-HKFRS measures provide additional information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as they help our management compare our financial results across accounting periods and with those of our peer companies.

We define adjusted EBITDA as losses for the year without considering depreciation, amortisation, finance cost, income tax, share-based payment expenses, listing expenses, loss on termination of convertible bonds, and fair value losses on convertible bonds, preferred shares and warrants ("**Adjusted EBITDA**"). We define adjusted net profit as loss for the year without considering share-based payment expenses, listing expenses, loss on termination of convertible bonds, and fair value losses on convertible bonds, preferred shares and warrants ("**Adjusted Net Profit**"). The terms Adjusted EBITDA and Adjusted Net Profit are not defined under the HKFRSs. The use of Adjusted EBITDA and Adjusted Net Profit has material limitations as an analytical tool, as they do not include all items that impact our loss for the relevant years. The effect of items eliminated from Adjusted EBITDA and Adjusted Net Profit is a significant component in understanding and assessing our operating and financial performance.

In light of the foregoing limitations for Adjusted EBITDA and Adjusted Net Profit, when assessing our operating and financial performance, you should not view Adjusted EBITDA and Adjusted Net Profit in isolation or as a substitute for our loss for the year or any other operating performance measure that is calculated in accordance with HKFRSs. In addition, because these non-HKFRS measures may not be calculated in the same manner by all companies, they may not be comparable to other similarly titled measures used by other companies.

The following tables reconcile our Adjusted EBITDA and Adjusted Net Profit for the periods presented to the most directly comparable financial measures calculated and presented in accordance with HKFRSs. Adjusted EBITDA and Adjusted Net Profit are not required by, or presented in accordance with, HKFRSs.

	Year ended 31 December	
	2018	2017
	RMB'000	*RMB'000*
Loss for the year	**(421,541)**	(145,094)
Add:		
Depreciation	**859**	443
Amortisation of intangible assets	**11,757**	2,239
Finance cost	**6,216**	3,528
Income tax expense	**20,815**	3,758
Share-based payment expenses	**8,119**	1,866
Loss on termination of convertible bonds	**14,270**	–
Fair value losses on convertible bonds	**3,202**	–
Fair value losses on preferred shares	**217,123**	134,443
Fair value losses of warrants	**261,791**	16,239
Listing expenses	**44,014**	–
Adjusted EBITDA (unaudited)	**166,625**	17,422

	2018	2017
	RMB'000	*RMB'000*
Loss for the year	**(421,541)**	(145,094)
Add:		
Share-based payment expenses	**8,119**	1,866
Loss on termination of convertible bonds	**14,270**	–
Fair value losses on convertible bonds	**3,202**	–
Fair value losses on preferred shares	**217,123**	134,443
Fair value losses of warrants	**261,791**	16,239
Listing expenses	**44,014**	–
Adjusted Net Profit (unaudited)	**126,978**	7,454

Selected Financial Information from Our Consolidated Statement of Financial Position

	As at 31 December		
	2018	2017	Change
	RMB'000	*RMB'000*	
Cash and bank balances	**337,753**	11,490	2,839.5%
Bank borrowings	**146,000**	10,000	1,360.0%
Current assets	**1,057,440**	287,815	267.4%
Current liabilities	**430,967**	135,858	217.2%
Net current assets	**626,473**	151,957	312.3%
Total equity	**875,494**	(172,472)	N/A
Preferred shares	**–**	259,944	N/A

Cash and Bank Balances

As at 31 December 2018, we had cash and bank balances of RMB337.8 million, as compared with RMB11.5 million as at 31 December 2017. The increase in cash and bank balances was mainly due to the cash proceeds raised from the Listing that was completed on 21 December 2018. Our cash and bank balances were denominated in Renminbi, Hong Kong dollars and US dollars.

Bank Borrowings

Our bank borrowings of RMB10.0 million as at 31 December 2017 were secured by a property held by one of our Directors and guaranteed by two Directors and their spouses, and had been fully repaid before the Listing. As at 31 December 2018, our bank borrowings increased significantly to RMB146.0 million, among which, (1) the bank borrowings of RMB30.0 million are secured by pledged deposits of US$5.0 million provided by one of our subsidiaries, (2) the bank borrowings of RMB60.0 million are guaranteed by one of our subsidiaries, and (3) the bank borrowings of RMB40.0 million are guaranteed by two independent third parties. All the bank borrowings as at 31 December 2018 were denominated in Renminbi and will be mature in 2019, with fixed interest rates ranging from 5.22% to 8% per annum.

Net Current Assets

Our net current assets were RMB626.5 million as at 31 December 2018, compared to RMB152.0 million as at 31 December 2017. Our current assets were RMB1,057.4 million as at 31 December 2018, compared to RMB287.8 million as at 31 December 2017, primarily due to the increase in accounts receivable, prepayments and cash and bank balances. Our current liabilities were RMB431.0 million as at 31 December 31 2018, compared to RMB135.9 million as at 31 December 2017, primarily due to the increase in accounts payable, other payables and bank borrowings.

Total Equity and Preferred Shares

As at 31 December 2018, our total equity was RMB875.5 million, compared to negative equity of RMB172.5 million as at 31 December 2017, as all our preferred shares were automatically converted into ordinary shares on the Listing Date and accounted for as an increase in equity at initial public offering (the "**IPO**") offer price. At the same time, our preferred shares decreased to nil as at 31 December 2018, compared to RMB259.9 million as at 31 December 2017.

Key Financial Ratios

	As at 31 December	
	2018	2017
	RMB'000	*RMB'000*
Current ratio (times) (1)	**2.5**	2.1
Gearing ratio (%) (2)	**33.3%**	153.0%
Adjusted net profit margin (%) (3)	**8.2%**	1.5%

Notes:

(1) Current ratio was calculated based on our total current assets divided by our total current liabilities at the end of each financial period.

(2) Gearing ratio was calculated based on our total liabilities divided by our total assets at the end of each financial period.

(3) Adjusted net profit margin was calculated based on our adjusted net profit for the relevant period divided by our total revenue for the same period.

Current Ratio

Our current ratio increased to 2.5 as at 31 December 2018, compared to 2.1 as at 31 December 2017, primarily due to the increase in accounts receivables and prepayments as a result of our business expansion, partly offset by the increase of accounts payable.

Gearing Ratio

Our gearing ratio decreased to 33.3% as at 31 December 2018, compared to 153.0% as at 31 December 2017, mainly due to the decrease of total liabilities as a result of the conversion of preferred shares into ordinary shares upon the Listing, and an increase of total assets due to the cash proceeds we raised from the Listing and recognition of goodwill and intangible assets arising from our acquisition of Shanghai ChiLe.

Adjusted Net Profit Margin

Our adjusted net profit margin increased to 8.2% in 2018, compared to 1.5% in 2017, primarily due to the increase of profitability of our businesses. This was because we began to enjoy economies of scale which enables us to increase the number of mobile apps and mobile games we advertised.

Capital Expenditure and Investments

Our capital expenditures consist of additions to property, plant and equipment and intangible assets, excluding assets from the acquisition of a subsidiary. Our capital expenditures amounted to RMB316,000 and RMB198,000 in 2018 and 2017, respectively.

Funding and Treasury Policies

We expect to fund our working capital and other capital requirements from a combination of various sources, including but not limited to internal resources and external financing at reasonable market rates. We continue to seek improving the return of the equity and assets while maintaining prudent funding and treasury policies.

Foreign Exchange Risk

Our Group's subsidiaries primarily operate in the PRC and are exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the United States dollar and the Hong Kong dollar. Therefore, foreign exchange risk primarily arose from recognised assets and liabilities in our Group's PRC subsidiaries when receiving or to receive foreign currencies from, or paying or to pay foreign currencies to, overseas business partners. We did not hedge against any fluctuation in foreign currency during the years ended 31 December 2018 and 2017.

Material Acquisitions and Disposals

Save as disclosed in the Prospectus, the Group did not have any material acquisitions and disposals of subsidiaries, associated companies and joint ventures for the year ended 31 December 2018.

Contingent Liabilities

As at 31 December 2018, we did not have any material contingent liabilities (2017: nil).

Dividend

The Board did not recommend the payment of a final dividend for the year ended 31 December 2018 (2017: nil).

OTHER INFORMATION

Purchase, Sale or Redemption of the Company's Listed Securities

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities since the listing of our shares on the The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on the Listing Date to 31 December 2018.

Compliance with the Corporate Governance Code

The Company is committed to maintaining and promoting stringent corporate governance. The principle of the Company's corporate governance is to promote effective internal control measures, uphold a high standard of ethics, transparency, responsibility and integrity in all aspects of business, to ensure that its affairs are conducted in accordance with applicable laws and regulations and to enhance the transparency and accountability of the Board to all shareholders.

During the period from the Listing Date to 31 December 2018, the Company has complied with all applicable code provisions set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"), except for the following deviations from code provisions A.1.1, A.2.1 and C3.3(e)(i) of the CG Code.

Code provision A.1.1 of the CG Code stipulates that board meetings should be held at least four times a year at approximately quarterly intervals. The Company was only listed on the Listing Date and no board meeting was held during the period from the Listing Date to 31 December 2018.

Code provision A.2.1 of the CG Code stipulates that the roles of the chairman and the chief executive officer should be separate and should not be performed by the same individual. Mr. GAO Dinan is the Chairman and Chief Executive Officer of the Company. The Board believes that vesting the roles of both chairman and chief executive officer in Mr. GAO has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. The Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and effectively. The Board will continue to review and consider splitting the roles of Chairman and Chief Executive Officer of the Company at a time when it is appropriate by taking into account the circumstances of our Group as a whole.

Code provision C3.3(e)(i) of the CG Code stipulates that the terms of reference of the Audit Committee shall have the terms that the members of the Audit Committee should liaise with the Board and senior management and the Audit Committee must meet at least twice a year with the Company's auditor. The Company has included such terms in relevant terms of reference, and thus complied with the Code provision C3.3(e)(i) of the CG Code during the period from the Listing Date to 31 December 2018. However, the Audit Committee did not hold any meetings with the Company's auditor during the period from the Listing Date to 31 December 2018 because the Audit Committee did not have any matters that need to be discussed with the Company's auditor shortly after the Listing. The Audit Committee will fully comply with its terms of reference.

Further information of the corporate governance practice of the Company is set out in the corporate governance report in the annual report of the Company for the year ended 31 December 2018.

The Company will continue to regularly review and monitor its corporate governance practices to ensure compliance with the CG Code and maintain a high standard of corporate governance practices of the Company.

Compliance with the Model Code for Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding directors' securities transactions. Having made specific enquiries of all Directors, each of the Directors has confirmed that he/she has complied with the required standards as set out in the Model Code during the period from the Listing Date to 31 December 2018.

The Group's employees, who are likely to be in possession of inside information of the Group, are also subject to the Model Code for securities transactions. No incident of non-compliance of the Model Code by the employees was noted by the Company.

Audit Committee and Review of Financial Statements

The Company established an audit committee (the "**Audit Committee**") with written terms of reference in compliance with the CG Code. As at the date of this announcement, the Audit Committee comprises three members, namely Mr. CHEN Baoguo, Ms. ZHAO Xuemei and Mr. ZHU Jing, majority of them are independent non-executive Directors. Mr. CHEN Baoguo is the chairman of the Audit Committee.

The Audit Committee has reviewed the consolidated financial statements of the Group for the year ended 31 December 2018. The Audit Committee has also reviewed the accounting policies and practices adopted by the Company and discussed matters in relation to, among others, risk management, internal control and financial reporting of the Group with senior management and the Company's auditor. Based on this review and discussions with the management, the Audit Committee was satisfied that the Group's consolidated financial statements were prepared in accordance with applicable accounting standards and fairly present the Group's financial position and results for the year ended 31 December 2018.

Auditor's Procedures Performed on this Results Announcement

The figures contained in this announcement of the Group's consolidated results for the year ended 31 December 2018 have been agreed by the Company's auditor to the figures set out in the consolidated financial statements of the Group for the year ended 31 December 2018. The Company's auditor performed this work in accordance with Hong Kong Standard on Related Services 4400 "*Engagements to Perform Agreed-upon Procedures Regarding Financial Information*" and with reference to Practice Note 730 (Revised) "*Guidance for Auditors Regarding Preliminary Announcements of Annual Results*" issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). The work performed by the Company's auditor in this respect does not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements, or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by the Company's auditor on this announcement.

Use of Proceeds

Our shares were listed on the Stock Exchange on the Listing Date and the net proceeds raised during our IPO amounted to approximately HK$194.7 million (equivalent to approximately RMB171.2 million). There was no change in the intended use of net proceeds as previously disclosed in the Prospectus.

Since the Listing Date and as at 31 December 2018, the Group had not utilised any IPO Proceeds. The Group will gradually utilise the IPO Proceeds in accordance with the intended purposes disclosed in the Prospectus.

Annual General Meeting ("AGM")

The 2019 AGM will be held on 6 June 2019, Thursday. A notice convening the AGM will be published and dispatched to the shareholders of the Company in accordance with the requirements of the Listing Rules in due course.

Closure of Register of Members

In order to determine the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from 3 June 2019, Monday to 6 June 2019, Thursday, both dates inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the AGM, all duly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's Hong Kong Share Registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on 31 May 2019, Friday.

Sufficiency of Public Float

According to the information that is publicly available to the Company and within the knowledge of the Board, as at the date of this announcement, the Company has maintained the public float as required under the Listing Rules.

Publication of 2018 Annual Results and Annual Report of the Company

This annual results announcement of the Company is published on the websites of the Stock Exchange (**www.hkexnews.hk**) and the Company (**www.wankaonline.com**). The Annual Report of the Company for the year ended 31 December 2018 will be dispatched to the shareholders of the Company and published on the aforesaid websites in due course.

APPRECIATION

The Board would like to take this opportunity to thank our dedicated staff and management team for their commitment, diligence and professionalism. The Board would also like to express our sincere gratitude to the continuing support of our shareholders and stakeholders. We will continue to enrich our platforms with quality services for the development of a healthy and prosperous Android ecosystem.

By order of the Board
Wanka Online Inc.
GAO Dinan
Chairman

For the purpose of this announcement, the exchange rate of HK$1 = RMB0.8793 has been used, where applicable, for purpose of illustration only and does not constitute a representation that any amount has been, could have been or may be exchanged at such rates or any other rates or at all on the date or dates in question or any other date.

Hong Kong, 22 March 2019

As at the date of this announcement, the board of directors of the Company comprises Mr. GAO Dinan, Mr. ZHENG Wei and Ms. ZHOU Yan as executive Directors; Ms. XIE Guowang, Mr. SONG Chunyu and Mr. ZHU Jing as non-executive Directors; and Mr. CHEN Baoguo, Mr. LIANG Zhanping and Ms. ZHAO Xuemei as independent non-executive Directors.